



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

SECNAVINST 4330.17
S0-4 (CBM)

18 SEP 1987

SECNAV INSTRUCTION 4330.17

From: Secretary of the Navy

Subj: NAVY POLICY ON USE OF WARRANTIES

Ref: (a) Navy Acquisition Regulations Supplement (NARSUP)
SUBPART 46.72
(b) Federal Acquisition Regulation (FAR) SUBPART 46.7
(c) DoD FAR Supplement (DFARS) SUBPART 46.7

1. Purpose. To ensure that the Department of Navy (DON) obtains and administers warranties that enhance the quality, reliability and performance of systems, subsystems and materials.

2. Scope. This instruction applies to all Fleet, Fleet Marine Force and Shore activities involved in logistics support for DON systems, subsystems and materials.

3. Policy. It is DON Policy to:

a. Ensure that Navy obtains warranties for:

(1) all weapons systems used directly by the armed forces. This applies to weapons systems which will have a unit cost greater than \$100,000, or for which the eventual total procurement cost will be more than \$10,000,000, unless such warranties are determined not to be cost effective.

(2) all other supplies and services (i.e., non-weapons systems), when the contracting officer determines that obtaining a warranty is advantageous to the Government. Such warranties must equal or exceed the requirements of DFARS 46.770.

b. Ensure that Systems are established for:

(1) reporting failed items under warranty

(2) user return of warranted products

(3) collecting and analyzing actual warranty use and claim data

4. Action. Addressees will implement and provide copies of implementing instructions to ASN (Shipbuilding and Logistics) Contract Business Management within 120 days. Detailed directives should address the issues presented in reference (a).

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a. The Chief of Naval Operations will:

(1) establish procedures to ensure that warranties are obtained for:

(a) weapons systems meeting the thresholds specified here.

(b) all other supplies and services (i.e., non-weapons systems) per references (b) and (c).

(2) establish procedures to ensure maximum use of warranted products before expiration of the warranty periods.

(3) establish a customer/user notification system which provides for feedback information on failed items under warranty, minimizing reporting requirements of fleet activities and maintenance personnel.

(4) develop procedures for immediate issuance of credit to the end item user, when appropriate, when requisitioned products under warranty are found to be defective upon installation.

(5) develop a system for collecting actual warranty use and claim data, and for performing an analysis of the data on an annual basis with the first analysis to be performed on 30 June following implementation of this instruction, and annually each June thereafter. Provide copies of annual warranty data analyses to the Assistant Secretary of the Navy (Shipbuilding & Logistics) (ASN(S&L)) within 60 days of the end of each annual analysis period.

b. The Commandant of the Marine Corps will develop warranty policy for Marine Corps acquisitions, and establish procedures for processing warranty claims.


c. The Comptroller of the Navy will ensure that procedures are available to collect funds under warranties and that those funds are properly credited to the appropriate accounts.

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EVERETT PYATT
ASSISTANT SECRETARY OF THE NAVY
(SHIPBUILDING AND LOGISTICS)

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